

Message Text

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PAGE 01 STATE 002419
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 L-03 /026 R

DRAFTED BY EB/OA/AVP:GGGRIFFITHS:GG
APPROVED BY EB/OA:MHSTYLES
EB/OA/AVP:AJWHITE
CAB:JDEEGAN
EUR/WE:EBIEGEL
EB/OA/AN:WRILEY

-----079273 060007Z /66

P 052055Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY MADRID PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, SP

SUBJECT:CIVAIR: TWA LIBERALIZED APEX FARE

REF: (A) MADRID 10303; (B) MADRID 10413; (C) STATE
300521; (D) MADRID 10477

1. REFTELS DISCUSSED SEVERAL QUESTIONS WHICH DEPARTMENT
WOULD LIKE TO ADDRESS.

2. DEPARTMENT HAS DISCUSSED THESE MATTERS WITH TWA
NEW YORK AND HAS ADVISED TWA ALONG FOLLOWING LINES:

-- GOS HAS SENT OFFICIAL NOTICE OF DISSATISFACTION ON THE
TWA LIBERALIZED APEX FARE. GOS THUS HAS OBSERVED
REQUIREMENTS OF BILATERAL IF IT DESIRES TO SUSPEND THE
TWA FARE BEFORE IT COMES INTO EFFECT ON JANUARY 14. IF
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PAGE 02 STATE 002419

THE FARE COMES INTO EFFECT, THEN THE GOS MAY LATER
SUSPEND IT UNDER THE PROVISIONS OF ARTICLE 10 (E)
AND (G) UPON 60 DAYS ADVANCE NOTIFICATION.

-- TWA MUST MAKE ITS OWN SALES DECISIONS AS TO WHETHER,
WHERE, AND WHEN TO SELL SUCH FARES. DEPT. HAS CONSIDER-
TENTLY EMPHASIZED THIS TO TWA NEW YORK, AND ANY INFERENCE

AS PARA 1, REF B SUGGESTS, THAT TWA SALES POLICY HAS BEEN APPROVED BY USG IS INCORRECT. "CONDITIONAL"SALES SUBJECT TO GOVERNMENT APPROVAL ARE OFTEN MADE BY AIRLINES AS SOON AS FILING IS MADE. HOWEVER, IF GOS DISAPPROVES TWA FARES WHICH THE CAB HAS APPROVED, TWA MUST MAKE ITS OWN DECISION REGARDING WHETHER OR NOT TO CONTINUE SELLING TICKETS FOR THIS FARE IN THE US. DEPT. HAS SO ADVISED TWA.

3. LAST PART OF PARA 1, REF B, REFERS TO TERMS "WE" AND "OUR" POSITION APPARENTLY USED IN TWA NEW YORK MESSAGE TO TWA MADRID. DEPT. ASSUMES TWA REFERRING TO ITSELF IN USING SUCH COLLECTIVE TERMS. IT DOES NOT RPT NOT INCLUDE USG WHICH SPEAKS FOR ITSELF IN SUCH MATTERS.

4. DEPT. WANTS TO AVOID IMPRESSION, HOWEVER, THAT IT IS OPPOSED TO TWA RE THIS MATTER. ON THE CONTRARY, DEPT. FINDS IT HARD TO ACCEPT GOS RATIONALE FOR REJECTING TWA FARE IN QUESTION. USG POSITION RE SUCH COMPETITIVE FILINGS IS SET FORTH IN PARA 2, REF C. VARIETY OF IBERIA LOW - FARE FILINGS HAVE BEEN APPROVED BY CAB. DEPT. SEES NO REASON WHY GOS CANNOT ACCEPT DIFFERENT BUT COMPETITIVE TWA FILINGS.

5. DEPT. WISHES TO AVOID ESCALATION OF THIS ISSUE INTO FARE WAR BETWEEN IBERIA AND GOS ON THE ONE HAND, AND TWA LIMITED OFFICIAL USE

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PAGE 03 STATE 002419

AND USG ON THE OTHER. GOS - USG AVIATION RELATIONS HAVE GENERALLY BEEN GOOD IN RECENT YEARS AND USG DESIRES TO HAVE THEM CONTINUE AS SUCH. HOWEVER, USG CANNOT SUPPORT A POLICY WHEREBY US AIRLINES CAN FILE ONLY IDENTICAL FARES TO THOSE OFFERED BY FOREIGN AIRLINES. IF GOS REJECTS THE TWA FILING, USG WOULD HAVE TO CONSIDER SUSPENDING THE IBERIA FARES UNDER THE PROVISIONS OF THE AD HOC AGREEMENTS RECENTLY SIGNED WITH SPAIN, AND ARTICLE 10(E) OF THE BILATERAL.

6. ACCORDINGLY, DEPT. HAS DECIDED AS A DEFENSIVE MEASURE, TO SERVE A NOTICE OF DISSATISFACTION ON THE IBERIA NON-AFFINITY/INCENTIVE GROUP TRAVEL FARES. THIS WILL ENABLE USG, SHOULD IT LATER SO DECIDE, TO SUSPEND THE IBERIA FARES IF GOS REJECTS THE TWA FARE. FOLLOWING IS TEXT OF NOTICE: QUOTE; ON OCTOBER 11, 1977, IBERIA FILED TARIFF REVISIONS FOR EFFECTIVENESS NOVEMBER 10, 1977, PROPOSING NEW NON-AFFINITY AND INCENTIVE GROUP FARES FOR TRAVEL BETWEEN THE US AND SPAIN. NOTICE OF DISSATISFACTION WITH THESE FILINGS IS HEREBY GIVEN IN ACCOR-

DANCE WITH ARTICLE 10 OF THE US-SPAIN AIR SERVICES

AGREEMENT OF 1973, AND THE US-SPAIN AD HOC AGREEMENT
QF NOVEMBER, 1977, REGARDING THESE FILINGS. THIS NOTICE
DOES NOT NECESSARILY INDICATE THAT THE USG INTENDS TO
SUSPEND THE FARE IN QUESTION. UNQUOTE.

7. ACTION REQUESTED: EMBASSY IS REQUESTED TO TRANSMIT
THIS NOTICE TO APPROPRIATE GOS OFFICIALS.

8. COMMENT: DEPARTMENT WANTS TO EMPHASIZE THAT USG
NOTICE OF DISSATISFACTION AT THIS POINT SHOULD BE
CONSTRUED AS A DEFENSIVE MEASURE, I.E. AS A PROCEDURAL
STEP NECESSARY TO ENABLE THE USG TO TAKE ACTION LATER
AGAINST THE IBERIA FARES SHOULD IT SO DECIDE. EMBASSY
SHOULD STRESS THIS ORALLY TO GOS OFFICIALS, DRAWING
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PAGE 04 STATE 002419

ON POINTS IN PARA 5 ABOVE, IN ATTEMPT TO KEEP THIS
ISSUE ON A LOW KEY. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
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Concepts: AIR FARES
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Copy: SINGLE
Draft Date: 05 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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